

# Senate Study Bill 3046

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL  
BY CO=CHAIRPERSONS  
BOLKCOM and ZIEMAN)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to the determination of the holding period for  
2 purposes of certain capital gains under the individual income  
3 tax and including effective and retroactive applicability date  
4 provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
6 TLSB 6061SC 81  
7 mg/sh/8

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1 1 Section 1. Section 422.7, subsection 21, Code Supplement  
1 2 2005, is amended by adding the following new unnumbered  
1 3 paragraph:  
1 4 NEW UNNUMBERED PARAGRAPH. For purposes of this subsection,  
1 5 the term "held" shall be determined with reference to the  
1 6 holding period provisions of section 1223 of the Internal  
1 7 Revenue Code and the federal regulations adopted pursuant  
1 8 thereto.

1 9 Sec. 2. RETROACTIVE APPLICABILITY DATE PROVISIONS. This  
1 10 Act, being deemed of immediate importance, takes effect upon  
1 11 enactment and retroactively applies to all of the following:  
1 12 1. Sales made on or after January 1, 2006.  
1 13 2. Determining the holding period for sales made on or  
1 14 after January 1, 2006.  
1 15 3. Tax years ending on or after January 1, 2006.

### EXPLANATION

1 17 This bill requires that the computation of the holding  
1 18 period for purposes of the capital gains deduction under Code  
1 19 section 422.7, subsection 21, be determined in the same manner  
1 20 as the holding period of assets is determined for federal tax  
1 21 purposes under Internal Revenue Code section 1223. These  
1 22 provisions will, in some cases, add the holding period of  
1 23 other property or the holding period of another owner to the  
1 24 holding period of the taxpayer in determining whether the  
1 25 required 10-year holding period has been satisfied, such as  
1 26 property received in a like-kind exchange, property received  
1 27 by gift, or property purchased from the proceeds of an  
1 28 involuntary conversion.

1 29 The bill takes effect upon enactment and applies  
1 30 retroactively to January 1, 2006, and applies to sales made on  
1 31 or after January 1, 2006, during tax years ending on or after  
1 32 that date.  
1 33 LSB 6061SC 81  
1 34 mg:rj/sh/8